

Message Text

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PAGE 01 BOGOTA 06835 212119Z
ACTION XMB-04

INFO OCT-01 ARA-10 ISO-00 EB-08 AID-05 OPIC-03 TRSE-00
OMB-01 SSO-00 COME-00 CIAE-00 INR-10 NSAE-00
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-----019569 212121Z /45
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FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC IMMEDIATE 9079
INFO AMCONSUL CALI

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PASS TO EX-IM BANK FOR SIMONINI

E.O. 11652: N/A
TAGS: BEXP, EFIN,CO
SUBJECT: BANK LOANS: CENTRAL GOVERNMENT GUARANTEE FOR CALI
MUNICIPAL CORPORAION

REF: PASTORINO-SIMONINI TELCON OF JULY 17

1. COMATT DISCUSSED POSSIBLITY OF GOC GUARANTEE FOR EMPRESAS MUNICIPALES DE CALI WITH DIRECTOR OF PUBLIC CREDIT GABRIEL TURBAY. TURBAY EXPLAINED THAT GOC POLICY FOR PAST FOUR YEARS HAS BEEN NOT REPEAT NOT TO GUARANTEE SUPPLIERS CREDITS TO MUNICIPAL CORPORATIONS. CENTRAL GOVERNMENT BELIEVES MUNICIPALITIES SHOULD BE SELF-RELIANT FINANCIALLY THROUGH ADEQUATE RATE STRUCTURES AND FINANCIAL POLICY AND THUS NOT NEED CENTRAL GOVERNMENT GUARANTEES. HE NOTED THAT MUNICIPALITIES HAVE BEEN ABLE TO CONTRACT LOANS WITHOUT GUARANTEE.

2. THERE IS PROCESS UNDER WHICH MUNICIPALITY COULD REQUEST EXCEPTION TO ABOVE PLICY. ACCORDING TURBAY, CITY GOVERNMENT MUST SUBMIT REQUEST THROUGH MINISTRY OF FINANCE AND PLANNING DEPARTMENT OF INTER-MINISTERIAL ECONOMIC
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COUNCIL. OBVIOUSLY BOTH FINANCE AND PLANNING MUST SUPPORT REQUEST. TURBAY STATED PROCESS IS A LONG ONE AND EXCEPTIONS ARE GRANTED ONLY RARELY.

3. AMCONSULATE CALI REPORTS THAT EMPRESAS MUNICIPALES DE CALI HAS SATISFACTORY PAYMENT RECORD AND IS CONSIDERED SOVENT. CONSULATE KNOWS OF NO DEFAULTS ALTHOUGH SOME

DELAYS HAVE BEEN ENCOUNTERED DUE TO RED TAPE. OF
COURSE, FINANCIAL SITUATION COULD CHANGE AS NEW MAYOR
AND CITY COUNCIL WILL TAKE POWER IN NEXT FEWMONTHS.

4. COMMENT: COMMATT RECEIVED IMPRESSION THAT FINANCE
MINISTRY WOULD NOT LOOK FAVORABLY ON REQUEST FOR
EXCEPTION IN THIS CASE. TURBAY MENTIONED THAT IBRD
RECENTLY HAS APPROVED LARGE CREDIT FOR CALI CITY
GOVERNMENT WHICH HE NOTED UNDERLINES GOVERNMENT'S FINANCIAL
STABILITY. HE ALSO NOTED THAT OTHER SUPPLIERS BIDDING
ON TELEPHONE CONTRACT HAVE NOT DEMANDED CENTRAL GOVERN-
MENT GUARANTEE. GIVEN IMPORTANCE THIS CONTRACT AND
APPARENT SOVENCY OF CALI GOVERNMENT, EMBASSY RECOMMENDS
EX-IM CONSIDER WAIVING GUARANTEE REQUIREMENT IN THIS
CASE.
DREXLER

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Message Attributes

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